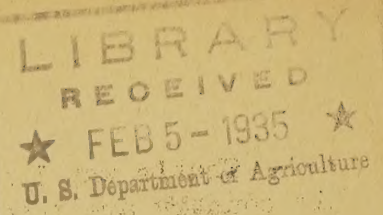


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MEETING THE CONSUMER'S NEEDS.



A radio speech by Dr. Fred C. Howe, Consumers' Counsel of the Agricultural Adjustment Administration, broadcast in the Farm and Home Hour on Wednesday, January 2, 1935, over a national network of NBC radio stations.

--ooOoo--

This job of protecting the consumer is full of questions and doubts, but I think I can start with one statement on which we'll all agree. That is, people all over the country are more aware of their importance as consumers than they were -- say -- two years ago.

One proof of that statement is the recent increase in Government services for consumers.

You know, of course, that many such services have been at work for years. Such units as the Bureau of Home Economics and the Food and Drug Administration have been serving the consumer for a long time. But an important point about the Government's approach to consumer problems is that it often tackles them from the point of view of the producer. That's easy to understand. We know that organized groups can always put pressure behind their demands to have their interests taken care of. Producers are better organized than consumers.

Another thing: Most of us still hold firmly to the doctrine that fair competition between producers will protect the interests of the consumer.

But recently our faith in how the facts of life fit these doctrines has weakened a bit. We know that the ideal competition we have talked about does not exist today in many lines of business. When the NRA waived the anti-trust laws, it simply emphasized the facts. Now, if these practices are found to be against the interests of consumers -- it will be easier to change or do away with them. Looking the facts in the face has another definite advantage for the consumers. I mean that if we find our business system is, and apparently must be, monopolistic in some lines we will stop leaning on the idea that competition will protect consumers, and start to develop some other method.

So let's look over the new Governmental agencies to see if and where new responsibility for consumer protection is being taken by the Government.

The first example I think of is TVA, with its 'yard stick' for electric power rates -- a real sign of recognition of a tremendous consumer interest in an industry. Not only that, but TVA aims for a fuller life for the people of the Tennessee Valley area, for community development, a sound housing program, and a whole list of other consumer interests.

While we're at it, let's define that term -- 'consumer interest.' I think it means this -- that most economic activity should be fundamentally concerned with producing goods and services for use. So we can check up on how consumer-minded the Government now is, by checking just how far its activities are directed to developing a society that thinks in terms of the use to which goods will be put.

(over)

That's why I mention TVA first. Then comes FERA. It shows that we in this country are becoming aware of the needs -- the unsatisfied needs -- of millions of people. So does the housing program.

Then, of course, there are the three organizations with the word 'consumer' specifically included in their names.

The Consumers' Division of the National Emergency Council is establishing county consumers' councils, whose work is turning up some very interesting possibilities for organization of consumers so that they may increase their power by acting as groups.

The Consumers' Advisory Board of the NRA works on codes -- has always fought against price-fixing and for recognition of consumer interest.

We in the Consumers' Counsel of the three A's owe our existence to recognition of the fact that consumers must be protected from too great a toll by the processing taxes which finance the benefit payments to farmers who cooperate in the adjustment program. Also that consumers must be protected in the era of crop-restriction, because, if pushed too far, restriction would harm both consumers and producers of agricultural commodities.

One way we work is by publicity, of which the Consumers' Guide is a sample. The other way is by economic analysis of the workings of marketing agreements. Such analyses test the social validity of the whole theory of crop adjustment.

There's the story of the consumer's place in government today. Where we will go from here partly depends on the strength of the opposition interests which have not become enlightened overnight; partly on consumers themselves -- how well they organize to use the Governmental powers available to group interests.

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PROGRESS OF AGRICULTURAL ADJUSTMENT.

A radio talk by Alfred D. Stedman, assistant administrator, Agricultural Adjustment Administration, broadcast Thursday, January 10, 1935, in the Department of Agriculture period, National Farm and Home Hour, by a network of 50 associated NBC radio stations.

--ooOoo--

I feel as I give this report to you today, that we are really headed into the new farming year. During the past week we made quite a bit of progress toward winding up the adjustment work of the past production season, and we just about settled the last item of uncertainty about the general outlines of the adjustment program for 1935.

The recent Administration moves with respect to drought cattle buying brought that enterprise nearer to a close. On Tuesday, the Administration instructed Harry Petrie, the chief of the cattle section, to make allocations of 3 and a half million dollars for cattle buying in the States where the situation is most critical. Mr. Petrie has set up headquarters in Denver, and there he is making the allocation of funds for cattle buying in the areas hardest hit.

Buying with the new funds has already begun in these areas. The purchases everywhere are to be completed by January 20th at the latest.

Thus comes to a close the program that put cash for living expenses in the hands of cattle owners whose stock would have perished, a total loss, or been sold on glutted markets for a fraction of its true worth. Cattle bought through last Saturday totaled 7 million 600 thousand head. The amount paid to their owners was nearly 104 million dollars.

Nor were the owners of the cattle, and the communities supported by their buying power, the only beneficiaries of the program. It helped the needy in the cities and towns, by making available a great store of canned meats for relief distribution.

But that chapter in the work of the Adjustment Administration is nearly finished. By the cattle buying operation, the reduction in livestock numbers made imperative by the drought has been brought about, and the incomes of growers protected meanwhile. Of course, there is still a pinch operating on cattle owners -- the pinch of short feed supplies. Your responses to the announcement week before last of the organization of a group to buy Canadian forage and ship it into the border States proves how severe the shortage is.

Inquiries have come in from States hundreds of miles south of the Canadian border about buying some of this forage. There was an especially large number of inquiries from Iowa. Now, the plain fact is that the freight charges for transporting this Canadian forage into most parts of Iowa, and into all parts of States further east and south will make it impracticable to use it. Besides, the demand for it in the border States of the Northwest will take all of it anyway.

(over)

Let me say to any people in the Dakotas, Minnesota, and Montana who are listening today that your line or Farmers' Union elevator managers will have information concerning the Canadian forage if you wish to get such information. And let me say to listeners in other midwestern and northwestern States that if they want information concerning supplies of forage, or concerning owners of forage who want to take on more feeder cattle, you can get it through the offices of their county agricultural agents. The agents, of course, will obtain it from the federal feed agency at Kansas City.

Well, I wandered a bit from the subject. I started to say that while the cattle deal was being closed out by the AAA, the past week saw decisions on the general features of the tobacco adjustment program. So now the basic commodity operations are pretty well set for 1935. The tobacco growers themselves decided -- and they decided decisively -- on one feature of the program. In the Kerr-Smith referendum, they registered a landslide for continuance of control over the amount of tobacco marketed. Morse Salisbury gave you the figures Tuesday showing how overwhelming the vote was in favor of continuance.

I might remark in passing that the Kerr-Smith method of controlling volume marketed seems to many farmers to be about the fairest yet devised. The tax on non-allocated tobacco is not prohibitive; it is just at the point to make the fellow who does not cooperate in the control program forego the advantage he has on account of larger acreage, and, presumably, production. Thus, in effect, it makes sure that the will of the overwhelming majority with respect to their economic destiny as tobacco growers will be carried out; that a small minority may not frustrate the best judgment of the greater number.

That is the principle on which we have steadfastly tried to conduct the control operations under the Adjustment Act -- seeing that the will of the majority prevails, if the majority is large and clear and unquestionable. Whenever there is question as to the wishes of a group of producers we do not make any further effort to force a program on them. In this connection you will remember that we refrained from putting a dairy production adjustment program into effect when the reaction at public meetings made it questionable that a substantial majority of the producers favored such a program.

So we have always gone to the producers with major matters of production adjustment; and we are trying to arrange things so that producers may have a larger hand in matters of adjusting volume marketed and rate of marketing under the marketing agreements.

Now, in 1935, we are reaching a point where the questions put up to growers will be even more complicated than those of the past. The surpluses have for the most part disappeared. From now on adjustment becomes a matter of keeping production balanced with the demand, rather than of attaining a balance. The possibility of national action to improve the demand at home and abroad becomes increasingly important. Farmers must make up their minds what sort of action they wish to urge in order to bring about such an increase. That means real, hard thinking in order to settle upon and work for national action that is practicable as well as logical.

Members of the other economic groups in the country also must make up their minds as to the industrial and trade policies they wish to have made effective. Farm people are very grateful to the great majority of industrial and trades workers and managers and owners who have refrained from opposing the present program of agricultural adjustment. There seems to have been a general attitude that injustice had been done the farmer, and that it should be rectified; that the farmers should have buying power in accordance with the worth of their contribution to the total economy of the nation.

I hope and believe that that attitude of fairness in all groups will persist in the period of recovery and reconstruction into which we are now moving. One of the things for which I believe all classes can join in striving is an even better balance than has been achieved in the past two years between farm production and industrial production. Figures recently compiled indicate that for the past five years industry has kept its annual production down to 57 per cent of the amount produced in 1929. In the same five years, the annual production of agriculture has averaged 87 per cent of the 1929 level.

In the face of this situation, it seems rather bold for industrialists to cry shame at agriculture for its relatively small cut in volume produced. Would it not be better for them to speed up production and sell the increased product at lower prices so that the price structure and the income structure would be more nearly in balance?

This is one of the questions that call for decision in the very near future. I think farm people in their discussions this winter of the adjustment programs to follow 1936 should talk on such points -- points having to do with the actions necessary to increase the domestic demand for farm products and to bring farm prices back into the balanced relationship with industrial prices that they held in the pre-war years.

And it seems to me also that city people might well ponder and discuss such matters. For, after all, their well being depends considerably upon the well being of the farmer. As the President noted in his annual message to the Congress, the nation has already felt the stimulus of revival in farmers' buying power.

To carry that revival further, Administrator Davis and his colleagues in the AAA, and farm leaders believe that several actions are necessary. Mr. Davis is giving his ideas concerning them this afternoon before the meeting of Organized Nebraska Agriculture at Lincoln. Perhaps in my report next week I can discuss the point more fully.

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